

Message Text

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PAGE 01 PARIS 11410 251808 Z

47

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ADP-00 AID-20 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-02 PA-03 PRS-01 USIA-12 AGR-20 ABF-01

TAR-02 RSR-01 /190 W

----- 030470

R 251713 Z APR 73

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 9527

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBSSY OSLO

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

AMEMBASSY CANBERRA

C O N F I D E N T I A L PARIS 11410

E. O. 11652: GDS

TAGS: EFIN, ETRD

SUBJECT: MOVES TO COUNTER DOLLAR DEVALUATION (C- ER-3-57235)

1. GOF AND TRADE SOURCES REPORT NO NEW EXPORT PROMOTION
ACTIVITIES OR INCENTIVES EITHER UNDERWAY OR CONTEMPLATED AS
RESULT OF RECENT DOLLAR DEVALUATION WITH ONE POSSIBLE EXCEPTION
NOTED PARA TWO. EXPORT PROMOTION DIRECTORATE OF GOF' S CENTER
FRANCAIS DU COMMERCE EXTERIEUR STATED MOST FRENCH EXPORT
PROMOTION PROGRAMS LONG RANGE AND EDUCATIONAL IN NATURE.
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PAGE 02 PARIS 11410 251808 Z

WAY THESE PROGRAMS ARE STRUCTURED AND BUDGETED DOES NOT PERMIT QUICK CHANGE TO ADJUST FOR MONETARY SWINGS OR OTHER SHORT TERM CONSIDERATIONS, HE ADDED. EXECUTIVE DIRECTOR OF GROUPEMENT DES INDUSTRIES DES APAREILS D' EQUIPMENT MENAGER (HOUSEHOLD EQUIPMENT MANUFACTURERS ASSOCIATION) DECRIED FACT THAT FRENCH GOVERNMENT HAS NOT COME FORWARD WITH ANY NEW MEANINGFUL ASSISTANCE TO FRENCH EXPORTERS.

2. ONLY MEASURE TAKEN BY FRENCH GOVERNMENT SINCE DOLLAR DEVALUATION IN SUPPORT OF FRENCH EXPORT EFFORT HAS BEEN TO LIBERALIZE EXCHANGE RATE GUARANTEE SYSTEM MADE AVAILABLE TO EXPORTERS AT BEGINNING OF 1972, AS REPORTED PARIS 10841. WHILE FINANCE MINISTRY ANNOUNCEMENT OF THESE MODIFICATIONS MADE NO DIRECT REFERENCE TO RECENT CURRENCY REALIGNMENTS, IT DID NOTE THAT FIGURE OF 2.25 PERCENT, WHICH IS NOW MINIMUM RATE CHANGE REQUIRED TO TRIGGER GUARANTEE MECHANISM, IS MAXIMUM ALLOWABLE SPREAD BETWEEN EUROPEAN CURRENCIES PARTICIPATING IN JOINT FLOAT.

3. THE EMBASSY IS UNAWARE OF ANY NTB OR TARIFF RESTRICTIONS WHICH HAVE BEEN IMPOSED BY THE GOF SINCE THE DOLLAR DEVALUATION IN FEBRUARY.

4. CONSEIL NATIONAL DE PATRONAT FRANCAIS, OR PATRONAT, STILL IN PROCESS MAKING SURVEY ON QUALITATIVE CONSEQUENCES DOLLAR DEVALUATION AND OTHER MONETARY REALIGNMENTS. AS ORGANIZATION, PATRONAT NOT CONSIDERING ADVOCATING OR FORMULATING COUNTER- MEASURES OR SPECIAL EXPORT PROMOTION PLANS. PATRONAT IS, HOWEVER, STRONGLY URGING MEMBERS TO COVER THEMSELVES AGAINST EXCHANGE RISKS. APART FROM LATTER ADVICE, PATRONAT FEELS LITTLE OR NOTHING CAN BE DONE TO COUNTERACT IN NEAR TERM ADVERSE CONSEQUENCES DOLLAR DEVALUATION. SOURCE FURTHER NOTED THAT FRENCH EXPORTS U. S. RELATIVELY SMALL IN RELATION TOTAL EXPORTS, BUT, NONETHELESS, IN SMALL AREAS, NOTABLY INDUSTRIAL MACHINES AND EQUIPMENT AND TEXTILES, FRENCH EXPORTERS VIRTUALLY DRIVEN OUT U. S. MARKET. HE OBSERVED THIS DEVELOPMENT DISCOURAGING IN VIEW RECENT SPECIAL EXPORT PROMOTION PROGRAM DIRECTED BY FRENCH GOVERNMENT TO U. S. AND CANADA. GDS
IRWIN

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NMAFVVZCZ

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*** Current Classification *** CONFIDENTIAL

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TAGS: EFIN, ETRD
To: AMEMBSSY OSLO
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